

STATE OF SOUTH CAROLINA

(Caption of Case)

Duke Energy Carolinas, LLC Filing of Reconciliation
Report

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2006 - 264 - E

(Please type or print)

Submitted by: Catherine E. Heigel

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda
expeditiously

☒ Other: Annual Reconciliation Report of Published Financial Statements

INDUSTRY (Check one)

- ☒ Electric
☐ Electric/Gas
☐ Electric/Telecommunications
☐ Electric/Water
☐ Electric/Water/Telecom.
☐ Electric/Water/Sewer
☐ Gas
☐ Railroad
☐ Sewer
☐ Telecommunications
☐ Transportation
☐ Water
☐ Water/Sewer
☐ Administrative Matter
☐ Other: _____

NATURE OF ACTION (Check all that apply)

- | | | |
|--|--|--|
| <input type="checkbox"/> Affidavit | <input type="checkbox"/> Letter | <input type="checkbox"/> Request |
| <input type="checkbox"/> Agreement | <input type="checkbox"/> Memorandum | <input type="checkbox"/> Request for Certification |
| <input type="checkbox"/> Answer | <input type="checkbox"/> Motion | <input type="checkbox"/> Request for Investigation |
| <input type="checkbox"/> Appellate Review | <input type="checkbox"/> Objection | <input type="checkbox"/> Resale Agreement |
| <input type="checkbox"/> Application | <input type="checkbox"/> Petition | <input type="checkbox"/> Resale Amendment |
| <input type="checkbox"/> Brief | <input type="checkbox"/> Petition for Reconsideration | <input type="checkbox"/> Reservation Letter |
| <input type="checkbox"/> Certificate | <input type="checkbox"/> Petition for Rulemaking | <input type="checkbox"/> Response |
| <input type="checkbox"/> Comments | <input type="checkbox"/> Petition for Rule to Show Cause | <input type="checkbox"/> Response to Discovery |
| <input type="checkbox"/> Complaint | <input type="checkbox"/> Petition to Intervene | <input type="checkbox"/> Return to Petition |
| <input type="checkbox"/> Consent Order | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation |
| <input type="checkbox"/> Discovery | <input type="checkbox"/> Prefiled Testimony | <input type="checkbox"/> Subpoena |
| <input type="checkbox"/> Exhibit | <input type="checkbox"/> Promotion | <input type="checkbox"/> Tariff |
| <input type="checkbox"/> Expedited Consideration | <input type="checkbox"/> Proposed Order | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest | |
| <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit | |
| <input type="checkbox"/> Late-Filed Exhibit | <input checked="" type="checkbox"/> Report | |

Print Form

Reset Form



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July 7, 2009

VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

The Honorable Charles Terreni
Administrator and Chief Clerk
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

Re: Docket No. 2006-264-E; Duke Energy Carolinas, LLC's **Annual Reconciliation
Report of Published Financial Statements**

Dear Mr. Terreni:

Please find enclosed for filing Duke Energy Carolinas, LLC's annual reconciliation of differences in its Balance Sheet and Income Statement in the SEC Annual Report, the FERC Form 1 equivalent, and NCUC Form E.S.-1 Report. This reconciliation is provided pursuant to the terms of the October 22, 2002 Settlement Agreement entered into by Duke Energy Carolinas, LLC and the Commission staffs of the Public Service Commission of South Carolina and the North Carolina Utilities Commission to resolve matters within the scope of the independent accounting review completed by Grant Thornton, LLP.

Please contact me if you have any questions.

Sincerely,

Catherine E. Heigel

Enclosures

cc: John W. Flitter
South Carolina Office of Regulatory Staff

Tie-out for Duke Energy Carolinas, LLC 10-K financial statements to Duke Energy Carolinas, LLC Form 1 to Duke Energy Carolinas, LLC NCUC E.S.-1

Balance Sheet In Millions 12/31/2008	Duke Energy Carolinas, LLC 10-K	Proforma Entries Excluded from Form 1	Adjusted Duke Energy Carolinas, LLC 10-K	Adjustments Per Detail Pages	Duke Energy Carolinas, LLC Form 1	Adjustments Per Detail Pages	Duke Energy Carolinas, LLC NCUC E.S.-1 Schedule 5
Current Assets	2,521	(165)	2,356	25	2,381	(582)	1,799
Investments and Other Assets	2,654	(34)	2,620	(1,051)	1,569	24	1,593
Property, Plant and Equipment	17,258	(1,205)	16,053	(102)	15,950	603	16,553
Regulatory Assets and Deferred Debits	1,684	4	1,688	3,163	4,851	(2,084)	2,767
Total Assets	24,117	(1,400)	22,717	2,035	24,751	(2,038)	22,713
Current Liabilities	1,438	(459)	979	263	1,242	(1,032)	210
Long-Term Debt	7,069	208	7,277	-	7,277	(208)	7,069
Deferred Credits and Other Liabilities	8,294	(1,149)	7,145	1,771	8,916	(831)	8,085
Total Liabilities	16,801	(1,400)	15,401	2,034	17,435	(2,071)	15,364
Total Member's Equity	7,316	-	7,316	-	7,316	33	7,349
Total Liabilities and Member's Equity	24,117	(1,400)	22,717	2,034	24,751	(2,038)	22,713

NOTE: Proforma Entries Excluded from Form 1 represent GAAP adjustments for 10-K reporting purposes.

The purpose of this schedule is to provide a reconciliation of the differences in the Balance Sheet Assets between Adjusted Duke Energy Carolinas, LLC 10-K and Duke Energy Carolinas, LLC Form 1 for regulatory purposes.

Balance Sheet In Millions 12/31/2008	Adjusted Duke Energy Carolinas, LLC 10-K	Duke Energy Carolinas, LLC Form 1	Difference	Items to add to/(deduct from) Adjusted 10-K to tie to Form 1
Current Assets	2,356	2,381	25	11 Long-Term Asset Interest Receivable in Investments and Other Assets on 10-K 62 Long-Term Federal Income Tax Reclass in Investments and Other Assets on 10-K 5 Long-Term State Income Tax Reclass in Investments and Other Assets on 10-K 1 Allowance Inventory in Investments and Other Assets on 10-K 4 Prepaid Taxes - Huntersville in Investments and Other Assets on 10-K 26 Auction Rate Security in Investments and Other Assets on 10-K (69) Miscellaneous Regulatory Asset in Regulatory Assets & Deferred Debits on Form 1 (5) ADIT Federal Current Asset in Regulatory Assets & Deferred Debits on Form 1 (1) ADIT State Current Asset in Regulatory Assets & Deferred Debits on Form 1 (12) Current Federal Deferred Tax Asset in Regulatory Assets & Deferred Debits on Form 1 (2) Current State Deferred Tax Asset in Regulatory Assets & Deferred Debits on Form 1 (1) Misc Current Assets 6 Eastover/Claiborne <u>25</u>
Investments and Other Assets	2,620	1,569	(1,051)	102 Nonutility Property in Property, Plant and Equipment on 10-K (2) Emission Swaps in Deferred Credits and Other Liabilities on Form 1 (26) Auction Rate Security in Current Assets on Form 1 (1,032) I&D Insurance Receivable in Regulatory Assets & Deferred Debits on Form 1 (1) Allowance Inventory in Current Assets on Form 1 (4) Prepaid Taxes - Huntersville in Current Assets on Form 1 (11) Long-Term Asset Interest Receivable in Current Assets on Form 1 (62) Long-Term Federal Income Tax Reclass in Current Assets on Form 1 (5) Long-Term State Income Tax Reclass in Current Assets on Form 1 (11) Other Deferred Debits in Regulatory Assets & Deferred Debits on Form 1 1 Miscellaneous Other Assets <u>(1,051)</u>
Property, Plant and Equipment	16,053	15,950	(103)	(101) Nonutility Property in Investments and Other Assets on Form 1 (1) Miscellaneous Property, Plant and Equipment <u>(102)</u>
Regulatory Assets and Deferred Debits	1,688	4,851	3,163	1,032 I&D Insurance Receivable in Investments and Other Assets on 10-K 69 Miscellaneous Regulatory Asset in Current Assets on 10-K 5 ADIT Federal Current Asset in Current Assets on 10-K 1 ADIT State Current Asset in Current Assets on 10-K 12 Current Federal Deferred Tax Asset in Current Assets on 10K 2 Current State Deferred Tax Asset in Current Assets on 10K (1) ADIT Assets in Deferred Credits and Other Liabilities on 10-K 1,585 ADIT Prepaid Federal Taxes in Deferred Credits and Other Liabilities on 10-K 306 ADIT Prepaid State Taxes in Deferred Credits and Other Liabilities on 10-K 142 ADIT Long-Term Deferred Credit for State Liability in Deferred Credits and Other Liabilities on 10-K 1 ADIT Long-Term Deferred Tax Asset Federal in Deferred Credits and Other Liabilities on 10-K - ADIT Long-Term Deferred Tax Asset State in Deferred Credits and Other Liabilities on 10-K (137) ADIT Long-Term Deferred Credit for State Liability in Deferred Credits and Other Liabilities on 10-K 111 Regulatory Liability Income Tax in Deferred Credits and Other Liabilities on Form 1 21 NC DSM Incentives in Deferred Credits and Other Liabilities on Form 1 11 Other Deferred Debits in Investments and Other Assets on 10-K 3 Miscellaneous Regulatory Assets & Deferred Debits <u>3,163</u>
Total Assets	22,717	24,751	2,034	

The purpose of this schedule is to provide a reconciliation of the differences in the Balance Sheet Liabilities and Member's Equity between Adjusted Duke Energy Carolinas, LLC 10-K and Duke Energy Carolinas, LLC Form 1 for regulatory purposes.

Balance Sheet in Millions 12/31/2008	Adjusted Duke Energy Carolinas, LLC 10-K	Duke Energy Carolinas, LLC Form 1	Difference	Items to add to/(deduct from) Adjusted 10-K to tie to Form 1
Current Liabilities	979	1,242	263	193 Long-Term Tax Reclasses in Deferred Credits and Other Liabilities on 10-K - Short-Term Commercial Paper in Long-Term Debt on 10-K 55 Power Agency Working Capital Fund in Deferred Credits and Other Liabilities on 10-K 8 Long-Term Liability Interest Accrued in Deferred Credits and Other Liabilities on 10-K 6 Eastover/Claiborne 1 Misc Current Liabilities <u>263</u>
Long-Term Debt	7,277	7,277	-	- Short-Term Commercial Paper in Current Liabilities on Form 1
Deferred Credits and Other Liabilities	7,145	8,916	1,771	(2) Emission Swaps in Investments and Other Assets on 10-K (1) ADIT Assets in Regulatory Assets & Deferred Debits on Form 1 1,585 ADIT Prepaid Federal Taxes in Regulatory Assets & Deferred Debits on Form 1 306 ADIT Prepaid State Taxes in Regulatory Assets & Deferred Debits on Form 1 142 ADIT Long-Term Deferred Credit for State Liability in Regulatory Assets & Deferred Debits on Form 1 1 ADIT Long-Term Deferred Tax Asset Federal in Regulatory Assets & Deferred Debits on Form 1 - ADIT Long-Term Deferred Tax Asset State in Regulatory Assets & Deferred Debits on Form 1 (137) ADIT Long-Term Deferred Credit for State Liability in Regulatory Assets & Deferred Debits on Form 1 21 NC DSM Incentives in Regulatory Assets & Deferred Debits on 10-K (55) Power Agency Working Capital Fund in Current Liabilities on Form 1 (8) Long-Term Liability Interest Accrued in Current Liabilities on Form 1 111 Regulatory Liability Income Tax in Regulatory Assets & Deferred Debits on 10-K (193) Long-Term Tax Reclasses in Current Liabilities on Form 1 1 Miscellaneous Deferred Credits and Other Liabilities <u>1,771</u>
Total Liabilities	15,401	17,435	2,034	
Total Member's Equity	7,316	7,316	-	
Total Liabilities and Member's Equity	22,717	24,751	2,034	

The purpose of this schedule is to provide a reconciliation of the differences in the Balance Sheet Assets between Duke Energy Carolinas, LLC Form 1 and Duke Energy Carolinas, LLC - State Form 1 Equivalent for regulatory purposes.

Balance Sheet In Millions 12/31/2008	Duke Energy Carolinas, LLC Form 1	Duke Energy Carolinas, LLC NCUC E.S.-1 Schedule 5	Difference	Items to add to/(deduct from) Form 1 to tie to NCUC E.S.-1
Current Assets	2,381	1,799	(582)	60 Other Accounts Receivable (143) reclassification in Current Assets on Form 1 not on E.S.-1 (266) Fuel Stock (151) in Current Assets on Form 1 in Property, Plant and Equipment on E.S.-1 (385) Plant Materials and Operating Supplies (154) in Current Assets on Form 1 in Property, Plant and Equipment on E.S.-1 (1) Allowances (158.1 and 158.2) in Current Assets on Form 1 in Property, Plant and Equipment on E.S.-1 (3) Stores Expense Undistributed (163) in Current Assets on Form 1 in Property Plant & Equipment on E.S.-1 110 Prepayments (165) reclassification in Current Assets on Form 1 not on E.S.-1 1 Long-Term Portion of Derivative Assets - Hedges (176) in Other Assets on Form 1 in Current Assets on E.S.-1 50 Miscellaneous Deferred Debits (185) short-term asbestosis claims in Deferred Debits on Form 1 in Current Assets on E.S.-1 (64) Accounts Payable (232) positive balances for unbilled fuel revenue in Current Assets on Form 1 in Current Liabilities on E.S.-1 (84) Accounts Payable (232) long-term portion unbilled fuel revenue in Current Assets on Form 1 in Current Liabilities on E.S.-1 <u>(582)</u>
Investments and Other Assets	1,569	1,593	24	(6) Investment in Subsidiary Companies (123.1) negative balance in Current Liabilities on Form 1 in Investments on E.S.-1 33 Investment in Subsidiary Companies (123.1) OCI Investment in Investments and Other Assets on Form 1 eliminated on E.S.-1 (1) Long-Term Portion of Derivative Assets - Hedges (176) in Other Assets on Form 1 in Current Assets and Deferred Debits on E.S.-1 (1) Rounding <u>24</u>
Property, Plant and Equipment	15,950	16,553	603	266 Fuel Stock (151) in Current Assets on Form 1 in Property, Plant and Equipment on E.S.-1 385 Plant Materials and Operating Supplies (154) in Current Assets on Form 1 in Property, Plant and Equipment on E.S.-1 1 Allowances (158.1 and 158.2) in Current Assets on Form 1 in Property, Plant and Equipment on E.S.-1 3 Stores Expense Undistributed (163) in Current Assets on Form 1 in Property Plant & Equipment on E.S.-1 (51) Other Regulatory Liabilities (254) ARO - Book Depreciation in Deferred Credits on Form 1 in Property Plant and Equipment on E.S.-1 <u>603</u>
Regulatory Assets and Deferred Debits	4,851	2,767	(2,084)	1 Long-Term Portion of Derivative Assets - Hedges (176) in Other Assets on Form 1 in Deferred Debits on E.S.-1 (6) Other Regulatory Assets (182.3) NC demand side management costs current portion in Regulatory Assets on Form 1 in Other Liabilities on E.S.-1 (50) Miscellaneous Deferred Debits (186) short-term asbestosis claims in Deferred Debits on Form 1 in Current Assets on E.S.-1 (1,917) Accumulated Deferred Income Taxes (190) in Deferred Debits on Form 1 in Accumulated Deferred Income Taxes Liabilities on E.S.-1 (111) Other Regulatory Liabilities (254) Income Taxes in Deferred Credits on Form 1 in Deferred Debits on E.S.-1 <u>(2,084)</u>
Total Assets	24,751	22,713	(2,038)	

The purpose of this schedule is to provide a reconciliation of the differences in the Balance Sheet Liabilities and Member's Equity between Duke Energy Carolinas, LLC - State Form 1 Equivalent and Duke Energy Carolinas, LLC NCUC E.S.-1 Sch. 5 for regulatory purposes.

Balance Sheet In Millions 12/31/2008	Duke Energy Carolinas, LLC Form 1	Duke Energy Carolinas, LLC NCUC E.S.-1 Schedule 5	Difference	Items to add to/(deduct from) Form 1 to tie to NCUC E.S.-1
Current Liabilities	1,242	210	(1,032)	(1,160) Current and Accrued Liabilities on Form 1 in Other Liabilities on E.S.-1 (6) Investment in Subsidiary Companies (123.1) negative balance in Current Liabilities on Form 1 in Investments on E.S.-1 205 Bonds (221) current maturities in Long-Term Debt on Form 1 in Short-term Obligations on E.S.-1 3 Other Long-Term Debt (224) current maturities in Long-Term Debt on Form 1 in Short-term Obligations on E.S.-1 50 Accumulated Provision for Injuries and Damages (228.2) short-term asbestosis claims in Other Liabilities on E.S.-1 (64) Accounts Payable (232) positive balances for unbilled fuel revenue in Current Assets on Form 1 in Current Liabilities on E.S.-1 (84) Accounts Payable (232) long-term portion unbilled fuel revenue in Current Assets on Form 1 in Current Liabilities on E.S.-1 13 Other Deferred Credits (253) SC purchased capacity levelization current portion in Other Liabilities on E.S.-1 10 Other Deferred Credits (253) SC demand side management costs current portion in Other Liabilities on E.S.-1 1 Other Regulatory Liabilities (254) rate remand costs current portion in Other Liabilities on E.S.-1 <u>(1,032)</u>
Long-Term Debt	7,277	7,069	(208)	(205) Bonds (221) current maturities in Long-Term Debt on Form 1 in Short-term Obligations on E.S.-1 <u>(3) Other Long-Term Debt (224) current maturities in Long-Term Debt on Form 1 in Short-term Obligations on E.S.-1</u> <u>(208)</u>
Deferred Credits and Other Liabilities	8,916	8,085	(831)	1,160 Current and Accrued Liabilities on Form 1 in Other Liabilities on E.S.-1 (1,917) Accumulated Deferred Income Taxes (190) in Accumulated in Deferred Debits on Form 1 in Accumulated Deferred Income Taxes Liabilities on E.S.-1 (50) Accumulated Provision for Injuries and Damages (228.2) short-term asbestosis claims in Current Liabilities on E.S.-1 170 Taxes Accrued (236) reclassification in Current Liabilities on Form 1 not on E.S.-1 (13) Other Deferred Credits (253) SC purchased capacity levelization current portion in Other Liabilities on E.S.-1 (10) Other Deferred Credits (253) SC demand side management costs current portion in Other Liabilities on E.S.-1 (6) Other Deferred Credits (253) NC demand side management costs current portion in Other Liabilities on E.S.-1 (1) Other Regulatory Liabilities (254) rate remand costs current portion in Other Liabilities on E.S.-1 (111) Other Regulatory Liabilities (254) income Taxes in Deferred Credits on Form 1 in Deferred Debits on E.S.-1 (51) Other Regulatory Liabilities (254) ARO - Book Depreciation in Deferred Credits on Form 1 in Property Plant and Equipment on E.S.-1 <u>(831)</u>
Total Liabilities	17,435	15,364	(2,071)	
Total Equity	7,316	7,349	33	33 Accumulated Other Comprehensive Income (219) eliminated on E.S.-1 <u>33</u>
Total Liabilities and Member's Equity	24,751	22,713	(2,038)	

Tie-out for Duke Energy Carolinas, LLC 10-K financial statements to Duke Energy Carolinas, LLC Form 1 to Duke Energy Carolinas, LLC NCUC E.S.-1

Income Statement In Millions 12/31/2008	Duke Energy Carolinas, LLC 10-K	Eastover & Clalborne	Adjusted Duke Energy Carolinas, LLC 10-K	Adjustments Per Detail Pages	Duke Energy Carolinas, LLC Form 1	Adjustments Per Detail Pages	Duke Energy Carolinas, LLC NCUC E.S.-1 Schedule 4
Operating Revenues	5,903	-	5,903	(21)	5,882	1	5,883
Operating Expenses	4,611	-	4,611	310	4,921	10	4,931
Gain/(Loss) on Sale of Assets	3	-	3	(3)	-	-	-
Operating Income (a)	1,295	-	1,295	(334)	961	(9)	952
Equity in Earnings of Subsidiary Companies (b)	-	-	-	-	-	-	-
Income Taxes (c)	372	-	372	(372)	-	-	-
Other Income and Expenses (d)	98	-	98	(38)	60	6	66
Interest Expense (e)	331	-	331	-	331	(3)	328
Net Income (a + b - c + d - e)	690	-	690	-	690	-	690

NOTE: Eastover and Clalborne are subsidiaries included in Duke Energy Carolinas, LLC 10-K but excluded from Duke Energy Carolinas, LLC Form 1.

The purpose of this schedule is to provide a reconciliation of the differences in the Income Statement between Adjusted Duke Energy Carolinas, LLC 10-K and Duke Energy Carolinas, LLC Form 1 for regulatory purposes.

Income Statement In Millions 12/31/2008	Adjusted Duke Energy Carolinas, LLC 10-K	Duke Energy Carolinas, LLC Form 1	Difference	Items to add to/(deduct from) Adjusted 10-K to tie to Form 1
Operating Revenues	5,903	5,882	(21)	(6) Revenues - Mox Fuel in Other Income and Expenses on Form 1 (8) Revenues - Unregulated Products & Services in Other Income and Expenses on Form 1 (4) Gains on Disposition of Allowances in Operating Expenses on Form 1 (3) Realized derivative gains and 3rd party deriv electric sales In Other Inc and Expenses on Form 1 <u>(21)</u>
Operating Expenses	4,611	4,921	310	(32) Management & Royalty Fee in Other Income and Expenses on Form 1 (5) Mox Fuel Expense in Other Income and Expenses on Form 1 (13) Donations in Other Income and Expenses on Form 1 (6) Expenses - Unregulated Products & Services in Other Income and Expenses on Form 1 (3) Nonutility Depreciation Expense in Other Income and Expenses on Form 1 (3) Civic and Political Activity in Other Income and Expenses on Form 1 (2) NC/SC Property Tax Nonutility in Other Income and Expenses on Form 1 (1) Gain on Disposition of Utility Plant in Gain/(Loss) on Sale of Assets on 10-K 53 State & Federal Income Tax in Income Taxes on 10-K 1,081 Deferred Income Tax in Income Taxes on 10-K (754) Investment Tax Credit in Income Taxes on 10-K (4) Gains on Disposition of Allowances in Operating Revenues on 10-K (1) Other Operating Expenses <u>310</u>
Gain/(Loss) on Sale of Assets	3	-	(3)	(1) Gain on Disposal of Property in Other Income and Expenses on Form 1 (2) Gains on Disposition of Allowances in Operating Expenses on Form 1 <u>(3)</u>
Operating Income (a)	1,232	976	(256)	
Equity in Earnings of Subsidiary Companies (b)	-	-	-	- Equity in Earnings of Subsidiary Companies in Operating Expenses and Income Taxes on 10-K
Income Taxes (c)	372	-	(372)	22 Federal Income Tax in Operating Expenses on Form 1 (53) State Income Tax in Operating Expenses on Form 1 (1,128) Deferred Income Tax in Operating Expenses on Form 1 785 Investment Tax Credit in Operating Expenses on Form 1 - Income Taxes in Other Income and Expenses on Form 1 2 Other Income Taxes <u>(372)</u>
Other Income and Expenses (d)	98	60	(38)	6 Revenues - Mox Fuel in Operating Revenues on 10-K 8 Revenues - Unregulated Products & Services in Operating Revenues on 10-K (32) Management & Royalty Fee in Operating Expenses on 10-K (5) Mox Fuel Expense in Operating Expenses on 10-K (13) Donations in Operating Expenses on 10-K (6) Expenses - Unregulated Products & Services in Operating Expenses on 10-K - Other Expenses in Operating Expenses on 10-K (3) Nonutility Depreciation Expense in Operating Expenses on 10-K 2 Gain on Disposal of Property in Gain/(Loss) on Sale of Assets on 10-K (3) Civic and Political Activity in Operating Expenses on 10-K - Taxes on Other Income and Deductions in Income Taxes on 10-K 3 Gains on Disposition of Allowances in Operating Expenses on Form 1 22 Federal Income Tax in Income Taxes on 10-K (47) Deferred Income Tax in Income Taxes on 10-K 31 Investment Tax Credit in Income Taxes on 10-K (2) NC Property Tax - Nonutility in Operating Expenses on 10-K 1 Other Income and Expenses <u>(38)</u>
Interest Expense (e)	331	331	-	
Net Income (a + b - c + d - e)	672	670	(2)	

The purpose of this schedule is to provide a reconciliation of the differences in the Income Statement between Duke Energy Carolinas, LLC Form 1 and Duke Energy Carolinas, LLC - NCUC E.S.-1 Schedule 4 for regulatory purposes.

Income Statement
In Millions
12/31/2008

	Duke Energy Carolinas, LLC Form 1	Duke Energy Carolinas, LLC NCUC E.S.-1 Schedule 4	Difference	Items to add to/(deduct from) Form 1 to tie to NCUC E.S.-1
Operating Revenues	5,882	5,883	1	1 BPM Hub Transactions in Other Income and Deductions on Form 1
Operating Expenses	4,921	4,931	10	0 Income taxes on BPM Hub Transactions in Other Income and Deductions on Form 1 2 Known Tax Return Adjustments & FIN 48 Interest Income in Other Income and Deductions on Form 1 (1) Income taxes on Known Tax Return Adjustments & FIN 48 Interest Income in Other Income and Deductions on Form 1 0 Known Tax Return Adjustments & FIN 48 Interest Expense in Interest Charges on Form 1 (0) Adjustment to deferred income taxes to reflect add back of bond reacquisition premium writedown for SC Retail 4 Interest Accrued on Customer Deposits in Interest Charges on Form 1 (2) Gains/Losses on Utility Plant in Other Income and Deductions on Form 1 1 Income taxes on Gains/Losses on Utility Plant in Other Income and Deductions on Form 1 6 Income taxes for interest synchronization 10
Gain/(Loss) on Sale of Assets	-	-	-	-
Operating Income (a)	961	952	(9)	
Equity in Earnings of Subsidiary Companies (b)	-	-	-	-
Income Taxes (c)	-	-	-	-
Other Income and Expenses (d)	60	66	6	(1) BPM Hub Transactions in Operating Revenues on E.S.-1 0 Income taxes on BPM Hub Transactions in Operating Expenses on E.S.-1 2 Known Tax Return Adjustments & FIN 48 Interest Income in Operating Expenses on E.S.-1 (1) Income taxes on Known Tax Return Adjustments & FIN 48 Interest Income in Operating Expenses on E.S.-1 (2) Gains/Losses on Utility Plant in Other Income and Deductions on Form 1 1 Income taxes on Gains/Losses on Utility Plant in Other Income and Deductions on Form 1 6 Income taxes for interest synchronization 1 Rounding 6
Interest Expense (e)	331	328	(3)	(0) Known Tax Return Adjustments & FIN 48 - Interest Expense in Operating Expenses on E.S.-1 1 Adjustment to Interest Expense to reflect add back of bond reacquisition premium writedown for SC Retail (4) Interest Accrued on Customer Deposits in Operating Expenses on E.S.-1 (3)
Net Income (a + b - c + d - e)	690	690	-	